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BIWEEKLY REPORT

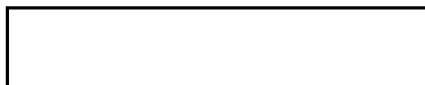
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/126

5 December 1960

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
18 November - 1 December 1960

Communist China and Cuba have signed agreements granting to Cuba a credit of \$60 million and pledging China to purchase 1 million Spanish long tons of Cuban sugar in 1961 in exchange for an equivalent amount of Cuban goods. The credit, which is to be used in the Cuban industrialization program during 1961-65, purports to bear no interest. Cuba has now been offered lines of credit from four Bloc countries (the USSR, Czechoslovakia, Hungary, and China) amounting to \$208 million.

The conclusion by Guinea of new economic aid agreements with the USSR and Communist China and the recent heavy influx of Bloc technicians indicate a growing involvement of the Bloc in Guinea's economic development program. Guinea has received \$107 million in economic credits and grants from the Bloc and is presently host to about 400 Bloc specialists. Both the credit total and the number of technicians have more than doubled in the last 6 months.

Tunisia has signed an agreement with Poland for the purchase of capital goods worth \$10 million, of which 80 percent will be on credit. Repayment will be made entirely in Tunisian goods.

In pursuit of its neutralist policy, the new regime in Laos has been making overtures to Communist China, North Vietnam, and the USSR. Domestically, Premier Souvanna Phouma is trying to form a National Union Government incorporating the Communist-controlled Pathet Lao under Prince Souphannouvong and the right-wing, pro-Western rebels under General Phoumi. It is reported that Prince Souphannouvong agreed to participate in the Union Government on condition that a goodwill mission be sent to North Vietnam and Communist China and that aid be accepted from these countries.

25X1 [redacted] the Indian Government has transferred \$28.7 million in sterling to the USSR in partial repayment of the 1955 credit for the Bhilai steel plant. [redacted]

25X1 [redacted] casts some measure of doubt on the continuity of the much-heralded Soviet policy of providing soft loans for Indian economic development.

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CONTENTS

	<u>Page</u>
I. Latin America (Economic Assistance for Cuba from Communist China)	1
II. Africa	2
A. Polish Aid to Tunisia	2
B. Bloc Economic Assistance to Guinea	2
III. Asia	11
A. Developing Relations Between Laos and the Bloc	11
B. Indian Repayments of Bhilai Credit	12

Tables

1. Economic Development Projects in Guinea Under Sino- Soviet Bloc Credits, as of November 1960	4
2. Grants Extended to Guinea by the Bloc, as of 1 December 1960	7
3. Estimated Minimum Number of Bloc Technical Per- sonnel in Guinea, as of 1 November 1960	9

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Next 12 Page(s) In Document Exempt

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